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Senate Bill _____
By _____

<PrintHouse> Bill No. House No. HB0520
By Purcell

AN ACT to amend Tennessee Code Annotated, Title 61, Chapter 1, relative to the formation, registration and regulation of registered limited liability partnerships.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 61-1-101, is amended by deleting the language "and" at the end of subsection (5), by deleting the punctuation "." (period) at the end of subsection (6) and substituting instead the punctuation ";", and by adding new subsections (6) and (7) to read as follows:

(6) "Registered limited liability partnership" means a partnership formed pursuant to an agreement governed by the laws of this state, registered under and complying with Section 9 of this act; and

(7) "Foreign registered limited liability partnership" means a registered limited liability partnership or limited liability partnership formed pursuant to an agreement governed by the laws of another jurisdiction and registered under the laws of such jurisdiction.

SECTION 2. Tennessee Code Annotated, Section 61-1-105(a), is amended by adding the language “and includes, for all purposes of the laws of this state, a registered limited liability partnership” after the word “profit”.

SECTION 3. Tennessee Code Annotated, Section 61-1-114, is amended by deleting the language “All partners are liable” and by substituting instead the language “(a) Except as provided in subsection (b) of this section, all partners are liable”, and by adding the following new subsections (b), (c) and (d):

(b) Subject to subsection (c) of this section, a partner in a registered limited liability partnership is not liable, directly or indirectly (including by way of indemnification, contribution, assessment or otherwise), for debts, obligations and liabilities of or chargeable to the partnership, whether in tort, contract, or otherwise, arising from omissions, negligence, wrongful acts, misconduct or malpractice committed while the partnership is a registered limited liability partnership and in the course of the partnership business by another partner or an employee, agent, or representative of the partnership.

(c) Subsection (b) of this section shall not affect the liability of a partner in a registered limited liability partnership for his own omissions, negligence, wrongful acts, misconduct or malpractice, or that of any person under his direct supervision and control.

(d) A partner in a registered limited liability partnership is not a proper party to a proceeding by or against a registered limited liability partnership, the object of which is to recover damages or enforce the obligations arising out of the acts, omissions, malpractice or misconduct of the type described in subsection (b) of this section, unless such partner is personally liable under paragraph (c) of this section.

SECTION 4. Tennessee Code Annotated, Section 61-1-117(1), is amended by adding the language “except as provided in Section 61-1-114(b) of this title, each partner” after the language “are satisfied, and”.

SECTION 5. Tennessee Code Annotated, Section 61-1-133, is amended by deleting the word “or” at the end of Section 61-1-133(1), by deleting the period at the end of Section 61-1-133(2) and by substituting instead thereof the language “; or”, and by adding a new subsection (3) to read as follows:

(3) The liability is for a debt, obligation or liability for which the partner is not liable as provided in Section 61-1-114(b) of this title.

SECTION 6. Tennessee Code Annotated, Section 61-1-135(d), is amended by deleting the language “all” and by substituting instead the language “those”, and by adding the language “and for which he was liable under Section 61-1-114 of this title” after the language “while he was a partner”.

SECTION 7. Tennessee Code Annotated, Section 61-1-139(1)(B), is amended by deleting the language “necessary for the payment of all the liabilities”, and by deleting the punctuation and figure (2) and by substituting instead the language“(4)”.

SECTION 8. Tennessee Code Annotated, Section 61-1-139(4), is amended by adding at the beginning of the subsection, the language “Except as provided in Section 61-1-114(b) of this title: (a)”, and by deleting the language “but if” between the language “liabilities,” and “any” and by substituting instead the language “and (b) if”.

SECTION 9. Tennessee Code Annotated, Title 61, Chapter 1, is amended by adding thereto the following new sections to be appropriately designated:

Section ____.

(a) To become a registered limited liability partnership, a partnership shall file with the secretary of state an application stating the name of the partnership; the address of its principal office; if the partnership’s principal office is not located in this state, the address of a registered office and the name and address of a registered agent for service of process in this state, which the partnership will be required to maintain; a brief statement of the business in which the partnership engages; and other matters that the partnership determines to include; and that

the partnership thereby applies for status as a registered limited liability partnership.

(b) The application shall be executed by one or more partners authorized to execute an application.

(c) The application shall be accompanied by a fee of one hundred dollars (\$100).

(d) The secretary of state shall register as a registered limited liability partnership any partnership that submits a completed application with the required fee.

(e) A partnership registered under this section shall pay, in each year following the year in which its application is filed, on a date specified by the secretary of state, an annual fee of fifty dollars (\$50). The fee must be accompanied by a notice, on a form provided by the secretary of state, of any material changes in the information contained in the partnership's application for registration.

(f) Registration is effective immediately after the date an application is filed, and remains effective until: (1) it is voluntarily withdrawn by filing with the secretary of state a written withdrawal notice executed by one (1) or more partners authorized to execute a withdrawal notice; or (2) thirty (30) days after receipt by the partnership of a notice from the secretary of state (which notice shall be sent by certified mail, return receipt requested) that the partnership has failed to make timely payment of the annual fee specified in subsection (e), unless the fee is paid within such a thirty (30) day period.

(g) A partnership becomes a registered limited liability partnership at the date of the filing if there has been substantial compliance with the requirements of this chapter. A partnership continues as a registered limited liability partnership if there has been substantial compliance with the requirements of this

chapter. The status of a partnership as a registered limited liability partnership and the liability of the partners thereof, shall not be affected by (1) errors in the information stated in an application under subsection (a) of this section or a notice under subsection (e) of this section, or (ii) changes after the filing of such an application or notice in the information stated in the application or notice.

(h) The secretary of state may provide forms for an application under subsection (a) or a notice under subsection (e) of this section.

(i) A partnership that registers as a registered limited liability partnership shall not be deemed to have dissolved as a result thereof and is for all purposes the same partnership that existed before the registration and continues to be a partnership under the laws of this state. If a registered limited liability partnership dissolves, a partnership which is a successor to such registered limited liability partnership and which intends to be a registered limited liability partnership shall not be required to file a new application and shall be deemed to have filed any documents required or permitted under this chapter which were filed by the predecessor partnership.

(j) The fact that an application or notice is on file in the office of the secretary of state is notice that the partnership is a registered limited liability partnership and is notice of all other facts set forth in the application or notice.

Section ____.

The name of a registered limited liability partnership shall contain the words "Registered Limited Liability Partnership" or the abbreviation "L.L.P." or "LLP" as the last words or letter of its name.

Section ____.

(a) A partnership, including a registered limited liability partnership, formed and existing pursuant to an agreement governed by this chapter, may conduct its business, carry on its operations, and have and exercise the powers

granted by this chapter in any state, territory, district, or possession of the United States or in any foreign country.

(b) It is the intent of the legislature that the legal existence of a registered limited liability partnership formed and existing pursuant to an agreement governed by this chapter be recognized outside the boundaries of this state and that the laws of this state governing such registered limited liability partnerships transacting business outside this state be granted the protection of full faith and credit under the Constitution of the United States.

(c) The internal affairs of a partnership, including registered limited liability partnerships, formed and existing pursuant to an agreement governed by this chapter, including the liability of partners for debts, obligations and liabilities of or chargeable to the partnership, shall be subject to and governed by the laws of this state.

(d) Before transacting business in this state, a foreign registered limited liability partnership shall (1) comply with any statutory or administrative registration or filing requirements governing the specific type of business in which the partnership is engaged, and (2) file a notice with the secretary of state, on such forms as the secretary shall provide, stating: the name of the partnership; the jurisdiction the laws of which govern its partnership agreement and under which it is registered as a registered limited liability partnership; the address of its principal office; if the partnership's principal office is not located in this state, the address of an office in this state or the name and address of a registered agent for service of process in this state; a brief statement of the business in which the partnership engages; any other information that the partnership determines to include; and a statement that the partnership is a registered limited liability partnership. Such notice shall be accompanied by a fee of one hundred dollars

(\$100). Such notice shall be effective for two (2) years from the date of filing, after which time the partnership shall file a new notice.

(e) The name of a foreign registered limited liability partnership doing business in this state shall contain the words "Registered Limited Liability Partnership" or "Limited Liability Partnership" or the abbreviation "L.L.P." or "LLP" or such other similar words or abbreviation as may be required or authorized by the laws of the state where the partnership is registered, as the last words or letters of its name.

(f) It is the policy of this state that the internal affairs of partnerships, including foreign registered limited liability partnerships including the liability of partners for debts, obligations and liabilities of or chargeable to partnerships, shall be subject to and governed by the laws of such other jurisdiction.

SECTION 10. This act shall take effect July 1, 1995, the public welfare requiring it.

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